

# Nevada Medical Marijuana Regulation Review

## Discussion Points

**Date/Time:** Thursday, December 19, 2013 at 1:00pm (PST)

**Participants:** Todd Youren, Marla McDade-Williams

### **Hardships:**

**Section 28** – CLARIFICATION: taxes paid and other beneficial financial contributions made. What are considered “beneficial financial contributions”? Political campaign contributions? Parks & Rec donations? Donations to MS foundation of Nevada? Donations through the church? Donations to the Mission Rescue Home?

**Section 35** – Surrendering of a certificate if there is a change in ownership or location. This could be burdensome if we need to expand the operations! Ownership I understand – the team & financing should be solid at the time of the initial application. However, if the location is changing, because of expansion, couldn’t there be a “review” of the new location and if it meets all the standards with local municipality approval, allow relocation without surrendering the certificate. What about expansion to an additional location?

**Section 36.3** – An annual “audited” set of financial reports could cost ten’s of thousands of dollars! A set of financial statements “**reviewed**” by an independent account should be sufficient. (CPA estimated cost difference of 100% to 150% higher)

**Section 40** – CLARIFICATION: employees do NOT have to be Nevada Residents if they have a valid US Passport.

**Section 41.6** – requires cross training of all staff for all elements of the business. In cultivation there are a variety of “Intellectual Property” (I.P.) elements at play. It is bad business to train multiple people in all aspects of this business and education them to all of the I.P.. Could the language be more specific and limit the education to the areas of work performed by the employee? ( We have designated people in each stage of the process. They are trained on all elements relevant to their “stage” but not others to protect our I.P.)

**Section 44.** - requires notification within 3 working days for lost, stolen, or destroyed cards – change to 30 working days. Plus when you add on Section 48 – the violation is subject to revocation of the registration certificate, 3 days is too short.

**Section 48** – Revocation of a certificate is very, VERY harsh...couldn’t there be an interim step such as subject to disciplinary actions and a probationary period. And if during the probationary period there is a 2<sup>nd</sup> violation then revoke the certificate.

**Section 50** – CLARIFICATION: name usage restrictions: We are operating under “Today’s Health Care” in Colorado...will this be acceptable in Nevada?

**Section 52.3** – this could place a restriction on our compensation package for key employees. We anticipate offering a profit sharing program to incentivize our staff which could triple their base wage. This could be construed as “in excess of reasonable allowances” by some.

**Section 55.3** – please allow 20 days for notification. If something happened to a key employee we will be focusing on replacing them to keep everything running smoothly. We could easily consume 15 days recovering. It would be nice if we didn’t have to stop in the middle to send the notification off to meet the 10 day deadline.

For Consideration **Section 55** – need to allow provisions for on-going consulting services – our business model calls for internal audits every quarter by employees from our sister companies in other states.

**Section 56.4 & .5** – what system are we to validate this data against?

**Section 57.5.a** – Can language be added to allow for electronic records? We anticipate scanning all hardcopy documents and storing them in the cloud. Don’t obligate us to maintain the original hard copies.

**Section 58.2** – limitation of 10oz in transport from one facility to another – Cultivation to Dispensary...**HUGE PROBLEM**...in Colorado we will deliver in excess of 20lbs a day to our dispensaries. This would result in a ton of trips which create more opportunity for problems from a variety of areas.

**Section 62.1.d.1** – requiring work space to be “sanitized”... Can we use “deep cleaned” rather than sanitized? Sanitized can be interpreted to maintaining a clean room similar to a hospital or high-tech manufacturer. This is not possible, nor desired – plants need good and bad bacteria just as humans do.

**Section 68.1** – how do we verify if a card is valid? Will the state have a system in place? If not, this should be stripped. The patient is taking the responsibility by signing the affidavit at the time of the purchase. We will make sure our staff is aware of what a valid card from each state looks like as well as what quantity is allowed in that state. Wasn’t their language allowing the sale to an out of state customer if they signs an affidavit? This should be sufficient.

**Section 73.1** – CLARIFICATION: If we vacuum seal the initial order at POS would that be sufficient?

**Section 79.1.i.** – this should be dropped - Who sets these standards? It varies between an 80lb elderly woman and a 300lb college student.

**Section 105.10** – aseptic processing – sterile conditions like a hospital surgery room...need other language – “deep cleaned” perhaps?

**Section 111.2.b** – requires “sterilization” of equipment. Some equipment used in the cultivation process can NOT be sterilized. We have automated trimmers used to trim leaves away from the bud’s during harvest. They weigh over 70lbs and are 4 ½’ long, 4’ high, and 18” in width. We deep clean them 3 times a day with rubbing alcohol when they are in use but there’s no way to “sterilize” them.

**Section 115** – The cultivation facility shouldn't be required to list an "expiration" date on the packages being sold to the dispensary. No one can determine what is an "expired" product when you are talking the raw flowers.

**Section 121.a & b** - CLARIFICATION: How do these people become trained? How frequently will the training be offered?

**Section 132** – Limiting the amount of production will cause inflated prices to the patients! Both from standard demand/supply elements to inhibiting a successful cultivation facility, who can produce quality product at a cheaper price, from expanding their market share by lowering the price and taking advantage of improved volume efficiencies. HOW will this limitation be implemented? By not issuing any additional licenses? Restricting an output? Restricting grow space? Any limitations need to be stated in the regulations.

**Section 137.2.** – this may have an impact on a physician's desire to issue cards to patients. This will ultimately mean a higher cost to the patient because of limited doctors to seek for cards. (This is simply assigning this task to the division...a physician is NOT required to be affiliated with a dispensary or cultivation facility?)

#### **Open Questions:**

In the Request for Application, does the limitation of "more than one response" refer to the entire state, each county, or each locality within that county?

Does the division have 90 days to approve a registration certificate at the final stage or is it anticipated the entire application process will take 90 days?

There needs to be a change to NAC 453A.33(2) where it states a certificate will not be issued until the production build out is inspected and approved. You are asking us to speculate millions of \$'s to purchase and build out a cultivation facility (or dispensary) before receiving a certificate and having the risk of then not issuing the certificate. This is crazy. Have faith in the local municipality that once they issue an occupancy permit, everything is acceptable.

#### **Additional Input:**

Labs must be given a timeframe to turn samples around!!! Also, license enough labs to allow for supply & demand elements to establish pricing. If turnaround times are not required, cultivation is held hostage by the labs...opportunity for malfeasance based on relationships and/or added fees.